MONTANA LEGISLATIVE HISTORY

Chapter N/A 19 85

Bill H _____ S 410 Original bill & history ✓ C

H. Committee on _____			S. Committee on Natural Res.		
Hearing Date(s)	_____	___C	Hearing Date(s)	2-18	✓C
	_____	___C		2-22	✓C
	_____	___C		_____	___C
	_____	___C		_____	___C
Date Out	_____	___C			

Did this bill originate in an interim committee? ___Yes ___No

Committee _____ Report _____

2/27	3RD READING PASS	50	0
	TRANSMITTED TO HOUSE		
3/06	REFERRED TO BUSINESS & LABOR		
3/22	HEARING		
3/28	COMMITTEE REPORT-BILL CONCURRED		
3/30	2ND READING CONCURRED	91	3
4/01	3RD READING CONCURRED	97	3
	RETURNED TO SENATE		
4/05	SIGNED BY PRESIDENT		
4/08	SIGNED BY SPEAKER		
4/08	TRANSMITTED TO GOVERNOR		
4/10	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 422 EFFECTIVE DATE: 10/01/85		

SB 410 INTRODUCED BY KEATING, GAGE, ET AL.
EXEMPT BOARD OF OIL AND GAS CONSERVATION FROM MEPA

2/13	INTRODUCED		
2/14	REFERRED TO NATURAL RESOURCES		
2/18	HEARING		
2/23	MINOR COMMITTEE REPORT NOT ADOPTED	22	28
2/23	MAJOR COMMITTEE REPORT ADOPTED	28	22
2/23	ADVERSE COMMITTEE REPORT		
2/25	BILL KILLED		

SB 411 INTRODUCED BY TOWE, WALDRON, STEPHENS
ADMISSION AND TREATMENT OF YOUTHS TO STATE TREATMENT CENTER AND HOSPITAL
BY REQUEST OF DEPARTMENT OF INSTITUTIONS

2/13	INTRODUCED		
2/14	REFERRED TO JUDICIARY		
2/20	HEARING		
2/22	COMMITTEE REPORT-BILL PASS AS AMENDED		
2/22	STATEMENT OF INTENT ATTACHED		
2/26	2ND READING PASS	48	0
2/27	3RD READING PASS	50	0
	TRANSMITTED TO HOUSE		
3/06	REFERRED TO JUDICIARY		
3/22	HEARING		
3/23	COMM REPORT-BILL CONCURRED AS AMENDED		
3/26	2ND READING CONCURRED AS AMENDED	94	1
3/28	3RD READING CONCURRED	94	5
	RETURNED TO SENATE WITH AMENDMENTS		
4/02	2ND READING AMENDMENTS NOT CONCURRED	50	0
4/04	CONFERENCE COMMITTEE APPOINTED		
4/12	CONFERENCE COMMITTEE DISSOLVED		
4/12	FREE CONFERENCE COMMITTEE APPOINTED		
4/12	FREE CONFERENCE COMMITTEE REPORT		
	SENATE		
4/13	2ND READING FREE CONFERENCE COMMITTEE REPORT ADOPTED	50	0
4/15	3RD READING FREE CONFERENCE COMMITTEE REPORT ADOPTED	48	1

Senate BILL NO. 410

INTRODUCED BY Halligan Bye Ottem M. Hanson Koehnke E. Smith Williams NATHE Thomas Ramirez Switzer Tveit Harper Neuman Goodover Farrell Manning

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION 75-1-201, MCA, TO DECLARE THAT THE ISSUANCE OF A PERMIT TO DRILL AN OIL OR GAS WELL IS NOT A MAJOR ACTION OF STATE GOVERNMENT UNDER THE PROVISIONS OF THE MONTANA ENVIRONMENTAL POLICY ACT; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 75-1-201, MCA, is amended to read:

"75-1-201. General directions -- environmental impact statements. (1) The legislature authorizes and directs that, to the fullest extent possible:

(a) the policies, regulations, and laws of the state shall be interpreted and administered in accordance with the policies set forth in this chapter;

(b) all agencies of the state, except as provided in subsection (2), shall:

(i) utilize a systematic, interdisciplinary approach which will insure the integrated use of the natural and social sciences and the environmental design arts in planning and in decisionmaking which may have an impact on man's environment;

(ii) identify and develop methods and procedures which will insure that presently unquantified environmental amenities and values may be given appropriate consideration in decisionmaking along with economic and technical considerations;

(iii) include in every recommendation or report on proposals for projects, programs, legislation, and other major actions of state government significantly affecting the quality of the human environment, a detailed statement on:

(A) the environmental impact of the proposed action;

(B) any adverse environmental effects which cannot be avoided should the proposal be implemented;

(C) alternatives to the proposed action;

(D) the relationship between local short-term uses of man's environment and the maintenance and enhancement of long-term productivity; and

(E) any irreversible and irretrievable commitments of resources which would be involved in the proposed action should it be implemented;

(iv) study, develop, and describe appropriate alternatives to recommend courses of action in any proposal which involves unresolved conflicts concerning alternative uses of available resources;

(v) recognize the national and long-range character of environmental problems and, where consistent with the

policies of the state, lend appropriate support to initiatives, resolutions, and programs designed to maximize national cooperation in anticipating and preventing a decline in the quality of mankind's world environment;

(vi) make available to counties, municipalities, institutions, and individuals advice and information useful in restoring, maintaining, and enhancing the quality of the environment;

(vii) initiate and utilize ecological information in the planning and development of resource-oriented projects; and

(viii) assist the environmental quality council established by 5-16-101; and

(c) prior to making any detailed statement as provided in subsection (1)(b)(iii), the responsible state official shall consult with and obtain the comments of any state agency which has jurisdiction by law or special expertise with respect to any environmental impact involved. Copies of such statement and the comments and views of the appropriate state, federal, and local agencies which are authorized to develop and enforce environmental standards shall be made available to the governor, the environmental quality council, and the public and shall accompany the proposal through the existing agency review processes.

(2) The department of public service regulation, in

the exercise of its regulatory authority over rates and charges of railroads, motor carriers, and public utilities, is exempt from the provisions of this chapter.

(3) The issuance of a permit to drill a well for oil or gas is not a major action of state government, as that term is used in subsection (1)(b)(iii)."

NEW SECTION. Section 2. Effective date. This act is effective on passage and approval.

-End-

STATUS SHEET

NATURAL RESOURCES COMMITTEE

49th LEGISLATURE

Bill No.	Subject Matter	Date In	Sponsor	Hearing Date	Committee Action	Date Out
SB365	DESIGNATION OF CONTROLLED GROUND WATER AREA	2/11	ECK	2/20	DO PASS AS AMENDED	2/22
SB369	DAM SAFETY PROGRAM	2/11	NEUMAN	2/18 2/20	DO PASS AS AMENDED	2/21
SB377	POOLED OIL AND GAS WELLS COST RECOVERY FROM REFUSING OWNER	2/12	GAGE	2/20	DO PASS	2/21
SB394	LOCAL GOVERNMENT ELECTRIC GENERATION	2/13	LYNCH		REREFERRED TO LOCAL GOVERNMENT COMM.	2/15
SB410	EXEMPT BOARD OF OIL AND GAS COMMISSION	2/15	KEATING	2/18 2/22	DO NOT PASS (minority report requested)	2/23

MINUTES OF THE MEETING
SENATE NATURAL RESOURCES COMMITTEE
MONTANA STATE SENATE
February 18, 1985

The tenth meeting of the Senate Natural Resources Committee was called to order at 12:30 p.m., February 18, 1985, by Chairman Dorothy Eck in Room 405, State Capitol Building.

ROLL CALL: All members of the Senate Natural Resources Committee were present.

CONSIDERATION OF SB326: Senator Himsl, sponsor of SB326, submitted written testimony (Exhibit 1) and explained the bill is being introduced to prevent a party from usurping someone else's water rights. Senator Himsl explained the bill is the result of a situation where the members of a homeowners' association were deprived of their water rights by one of the residents.

PROPONENTS: Mr. Dennis Hemmer, representing the Department of State Lands, submitted proposed amendments to SB326 (Exhibit 2). Mr. Hemmer stated the amendments are needed, because the Department does not always own the development rights. Mr. Hemmer explained his amendments will allow for use of water with the consent of the proper owner.

There being no further proponents and no opponents, the hearing was opened to questions from the committee.

Upon question from Senator Shaw, Senator Himsl stated he had no problems with the amendments proposed by the Department of State Lands.

ACTION ON SB326: Senator Mohar moved the amendments proposed by the Department of State Lands BE ADOPTED. The motion carried. Senator Christiaens moved SB326 DO PASS AS AMENDED. The motion carried.

CONSIDERATION OF SB410: Senator Keating, sponsor of SB410, stated this bill deals with the Montana Environmental Policy Act, which is extremely general in nature. Senator Keating feels permits for oil and gas exploration have been threatened by MEPA. In order to alleviate this problem, Senator Keating is requesting that issuance of a permit not be considered a major act of state government and not fall within the scope of MEPA.

PROPONENTS: Mr. Donald Garrity, attorney for the Board of Oil and Gas Conservation, submitted written testimony (Exhibit 3) in favor of SB410.

Chairman Eck requested that due to the lack of time, each person testifying should limit his testimony.

Mr. Donald D. Cecil, Vice President of Cardinal Drilling Company, submitted written testimony (Exhibit 4) in favor of SB410.

Senator Ed Smith, appearing as a landowner from an area with high oil development, does not feel it is necessary to have an Environmental Impact Statement (hereafter EIS) for oil drilling purposes. Senator Smith Feels the State depends so much on oil development and the revenue it generates, that it should not do anything to hinder this development.

Mr. Darwin VanDeGraaff, representing the Montana Petroleum Association, stated if the landowner feels there is an intrusion, he can always request that an EIS be written. Mr. VanDeGraaff feels that if landowners are not showing any concerns, time should not be wasted drafting an EIS.

Mr. Patrick Melby, representing the Montana Oil and Gas Association, stated most wells are stripped wells which are economical. Mr. Melby feels the requirement of an EIS will make these wells less economical.

Mr. Mons Teigen, representing the Montana Stock Grower's Association, the Montana Wool Growers' Assocication and the Montana Cowbells, submitted written testimony (Exhibit 5) in favor of SB410.

Mr. Mike Micone, representing the Western Environmental Trade Association, stated he believes passage of SB410 will provide more employment opportunities for Montanans.

Mr. Jerome Anderson, representing Shell Oil Company, testified in favor of SB410.

Mr. William Ballard, representing Balcron Oil Company, urged the committee for a do pass recommendation on SB410.

Senator Gage removed himself from the committee for the purpose of testifying as a proponent of SB410. Senator Gage stated he knows of a situation where a company was going to drill for oil on federal land. However, since the land was considered to be the natural habitat for the grizzly bear and the grey wolf, it took the company one and one-half years to obtain the necessary permits. Senator Gage stated he knew of no one who had ever seen a grey wolf in this area. Senator Gage feels that since 26 percent of the state tax base is provided by the net proceeds tax, passage of SB410 is essential to keep potential developers from becoming discouraged.

Senator Tveit removed himself from the committee for the purpose of testifying as a proponent of SB410. Senator Tveit supports SB410, because the bill will allow for exploration of oil on private property as quickly as possible.

Senator Shaw requested to go on record as being a proponent of SB410.

There being no further proponents, the hearing was opened to opponents.

OPPONENTS: Mr. Don Reed, representing the members of the Environmental Information Center, submitted written testimony (Exhibit 6) in opposition to SB410.

Mr. Philip Davis submitted written testimony (Exhibit 7) in opposition to SB410.

Mr. Russ Brown, representing the Northern Plains Resource Council, stated he has not heard from the oil and gas companies that the requirements of MEPA are burdensome. Mr. Brown stated drilling permits should be granted on their merit. Mr. Brown opposes SB410.

Ms. Janet Ellis, representing the Montana Audubon Council, submitted written testimony (Exhibit 8) in opposition to SB410.

Ms. Mary Ann Kelly, representing Bridger Watch, Inc., feels quick profits shouldn't be realized at the risk of our environment. Ms. Kelly feels Montanans need the full protection of MEPA. Ms. Kelly also testified the EIS is prepared by an unbiased person and is the correct procedure for determining the impact that oil and gas wells will have on our environment. Ms. Kelly stated the oil and gas industry should not dictate to citizens what reasonable risks are.

Ms. Susan Cottingham, representing the Montana Chapter of the Sierra Club, stated MEPA is not a mandate for an EIS. Ms. Cottingham feels that if oil and gas drilling has no impact on the environment as the industry suggests, then MEPA will place no undue burden on the industry.

Mr. Dan Heinz, representing the Montana Wildlife Federation, submitted written testimony (Exhibit 9) in opposition to SB410.

Mr. Scott Ramsey, representing Bridger Watch, Inc., feels oil and gas development should be considered a major action and should fall within the scope of MEPA. Mr. Ramsey stated he is trying to understand what the impact will be from oil wells drilled near his home in the Bridger Canyon area. Mr. Ramsey feels MEPA will protect private individuals. Mr. Ramsey urged the committee to give a do not pass recommendation to SB410.

Mr. Jim Moore, representing SOHIO Petroleum Company, which intends to drill near Mr. Ramsey's home, stated SOHIO Petroleum Company is required to obtain a conditional use permit before commencing any drilling operations. Mr. Moore stated SOHIO Petroleum has tried to satisfy the concerns of the residents of Bridger Canyon. Mr. Moore also informed the committee that even though the drilling site is near residences, the area is considered to be rural. SOHIO Petroleum has withdrawn its drilling permit and asked the Board of Oil and Gas Conservation to determine whether an EIS is necessary.

There being no further opponents, the hearing was opened to questions from the committee.

Senator Mohar questioned whether SB410 applies only to private land or also to state and federal land. Mr. Dennis Hemmer replied the State issues leases rather than permits, and federal and Indian lands are under federal regulations.

Senator Weeding questioned Mr. Garrity about how many instances an EIS has been requested. Mr. Garrity stated, to the best of his knowledge, the Bridger Canyon instance is only the second one.

Senator Fuller questioned whether the situation would be different if the locality was different. Senator Keating replied that in some states, oil rigs are being operated in the middle of residential areas. Senator Keating remined the committee that Bridger Canyon is a rural area and not a residential area.

Senator Keating closed the hearing by stating that the Oil and Gas Commission has been issuing permits since 1971, which is the same time that MEPA was enacted. Senator Keating stated that since this time, there have never been any real controversies. Senator Keating asked the committee to please clarify the actions of MEPA.

There being no further questions from the committee, the hearing on SB410 was closed.

FURTHER CONSIDERATION OF SB258: Mr. Bob Thompson distributed copies of proposed amendments to SB258 (Exhibit 10). Senator Gage had problems with No. 12 of the proposed amendments. Senator Gage wanted to know who would be liable if the permit was issued without the proper persons being notified. Senator Gage wanted to be assured the Oil and Gas Commission would not be held liable. Mr. Thompson reminded the committee the correct title is the "Board of Oil and Gas Conservation," rather than the "Oil and Gas Commission."

ROLL CALL

Natural Resources COMMITTEE

48th LEGISLATIVE SESSION -- 1985 Date 2/15/85

SENATE SEAT #

NAME	PRESENT	ABSENT	EXCUSED
ECK, Dorothy (Chairman	✓		
HALLIGAN, Mike (Vice Chairman)	✓		
WHEEDING, Cecil	✓		
MOHAR, John	✓		
DANIELS, M. K.	✓		
FULLER, David	✓		
CHRISTIAENS, Chris	✓		
TVEIT, Larry	✓		
GAGE, Delwyn	✓		
ANDERSON, John	✓		
SHAW, James	✓		
HARDING, Ethel	✓		

Each day attach to minutes.

DATE 2/18/85

COMMITTEE ON _____

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One: Support	Check One: Oppose
Donald D. Cecil	Cardinal Drilling	SB 410	X	
D VANDEGRAAFF	Montana Petroleum Assn.	SB410	X	
DON GARRITY	BOARD OF OIL & GAS	SB 410	✓	
Jerome Anderson	Shell Oil Co. Pipeline Dept	SB410	X	
Ed Hanson		SB410	X	
Janet Ellis	MT Audubon Council	SB410		X
CHRIS Olsen	Rimrock Dairy	SB410	X	
[illegible]	1st State Bank	SB410	X	
R. H. Ellis	Helena Valley	369	X	
Susan Cottingham	Mt. Sierra Club	SB410		X
RONALD SCHOFIELD	HELENA VALLEY IRR. DIST	369	X	
Bob Lee Peterson	Mont Wtr Dev.	269	X	
Jack Moore	Sohio Petroleum	410	X	
Betty Heim	Montana Wildlife Fed	410		X
Peggy Foster	Mont. Water Dev. Assoc	369	X	
Dennis Hemmer	State Lands	326/369	X	
H S HANSON	MT. TRIB. COUNCIL	369	X	
Kent McWilliams	Mont Water Res. Assn	369	X	
Don Reed	Helena, MEIC	SB410		X
Paul Smith	Boulder	SB410		X
Jim Kelly	Mont. Water Resources Assn	SB369	✓	
Lee Richman	Board of Oil & Gas	SB410	✓	
Pat Melby	Mont O+G Assn	SB410	✓	
Russ Brown	NPRC	410		X
" "	"	SB369	X	
G.B. Coolidge	Shelby	410	X	

(Please leave prepared statement with Secretary)

DATE 021885

COMMITTEE ON _____

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One: Support	Check One: Oppose
Greg. Ochenski	ENV. INF. CENTER	369	X	
W.W. Ballard	Bureau of Land	310	X	
Phillip Davis	MEIC	410		X
Mike Nixon	WETA	410	X	
Jeanine Shea	ARCO	410	X	
Mary Ann Kelly	BWD.	410		X
Jan Nixon	BWI	410		X
Mona Tejon	Wkt Shareholders - Grandmothers - Grandfathers	410	X	
Scott Ramsey	BWI	410		X
Ron Ostberg	Farmer	SJR 9	X	
Ann Humphrey	Montana Audubon Council	SB 410		X
Todd Hudak	Mt. Assn. of Counties	SB 369		

STATEMENT OF THE BOARD OF OIL AND GAS
CONSERVATION IN SUPPORT OF SENATE BILL 410

My name is Don Garrity. I am the attorney for the Board of Oil and Gas Conservation, which supports Senate Bill 410.

The Montana Environmental Policy Act, or MEPA, was enacted in 1971. The Board has consistently taken the position that the issuance of permits to drill oil or gas wells does not constitute a "major state action" within the meaning of that legislation. It has done so for several reasons.

First, since the creation of the Board in 1953, the issuance of a drilling permit has been considered a ministerial function. Permits are routinely granted by the staff upon determining that the applicant has the required bond, has paid the appropriate fee for the depth requested, that there is no other well permitted or producing from the target formation within the drilling unit for the applicant's proposed well, and that the location of the well is the distance required from the boundary of the drilling unit. Thus, the issuance of a drilling permit is ministerial or non-discretionary and every state agency has taken the position that such actions are not subject to MEPA.

Second, the crucial decision as to whether the oil and gas potentially underlying any tract of land in this state should be explored and developed is made at the time the owner of those minerals leases them to an oil company. Properly, the Department of State Lands complies with MEPA before issuing oil and gas leases on state lands. It would be a costly and unnecessary duplication of effort for the Board to then conduct its own review, addressing the same questions, before allowing a well to be drilled on state land. Where the land and minerals are privately owned, we do not believe MEPA was intended to give the Board a veto power over the decision of the private owner to develop his minerals.

In addition, there are other considerations which are more practical than legal. We do not have employees trained in identifying and evaluating what MEPA itself describes as "presently unquantified environmental amenities and values." I recently contacted the bureau in the Department of Natural Resources responsible for such studies and was advised that they would charge approximately $7,500 to prepare a preliminary environmental review for a proposed well for which the company had already completed the basic research material necessary. I was further advised that this review eould take two months to complete and, should it be determined that a full environmental impact statement was required, that would take not less than an additional six months and $25,000.

SENATE NATURAL RESOURCES COMMITTEE
EXHIBIT NO. 3
DATE 03/25/85
BILL NO. SB410

The fees authorized by section 75-1-202 would not begin to cover these costs for the average well in Montana. The Board's budget could not make up the difference for the over 900 wells permitted annually.

Also, in the nearly 14 years since MEPA was enacted, the Board has issued over 12,000 drilling permits and there has been no indication that any of the wells thus drilled have adversely affected the quality of the environment in any significant manner.

Certainly, the Board recognizes that some of our citizens view drilling rigs as ugly and unwelcome additions to the landscape of a state which rightly prides itself on its natural beauty. Of course, such a rig is in place for a short time and, if a commercial well results, is replaced by the relatively unobtrusive valve tree of a gas well or pump jack of an oil well. The storage tanks which accompany some oil wells are certainly no less aesthetically pleasing than grain storage bins.

If the well drilled proves unsuccessful, the statutes and Board rules require the drilling site to be restored to its previous condition and that is done quite adequately in most cases.

I need not elaborate to this committee on the importance of production of oil and gas to this state and nation. The budget problems facing this legislature have made you all aware of the vital contribution the oil and gas industry makes to Montana's economy and to the revenue of state and local governments and schools. The runaway inflation of recent and painful memory caused by our nation's over-dependence on foreign petroleum and the havoc that caused should make it clear that, by any standard, discovery and production of new petroleum reserves in this state and nation is a plus for the quality of the human environment.

Many of our state's farmers and ranchers have managed to survive the past few years of drought and low prices only because of their oil royalty and lease payments. To whatever extent this country lessens its dependence on the oil of the Mid East, the perceived necessity of armed intervention in that area of the world is also decreased. And surely war is the activity most destructive of the human environment.

Having said all of this, it is fair for you to ask if this bill is really necessary. I assure you that it is. As the search for oil and gas in the overthrust belt in western Montana increases, so does the potential for conflict. You may, of course, refuse to pass this bill and leave it to the courts to decide, and they most assuredly will. As you can see from the existing statute set out in this bill, the Montana Environmental Policy Act is, at best, vague and general. It is

virtually identical to the National Environmental Policy Act of 1969. The lack of detail in that act has been criticized by a number of legal scholars and all seem to agree that its lack of detail "gave rise to the need for innovative interpretation and implementation by the courts and agencies, and left these entities a clear field in which to act." Orloff and Brooks, The National Environmental Policy Act, p. 427 (1980).

United States Supreme Court Justice Marshall observed that "this vaguely worded statute seems designed to serve as no more than a catalyst for development of a 'common law' of NEPA." Kleppe v. Sierra Club, 427 U.S. 390, 421 (1975). What the justice and the professors are saying is that Congress and this legislature, by their failure to be specific and to adopt criteria identifying precisely what behavior is thought to be harmful and thus forbidden, have abdicated their role of establishing policy in this vital area to the courts.

That may be your intention but I have heard so many legislators over the years complain that the courts are usurping their function that I do not think so. If you do not choose to pass this bill in its present form, I would implore you to amend it to provide us with the clear guidelines to make the judgments calledfor by MEPA. Without such guidelines, any determination we or the courts make, which may result in destroying the value of many individuals' property, can be nothing but arbitrary.

GREETING MADAM CHAIRPERSON AND COMMITTEE MEMBERS.

MY NAME IS DONALD D. CECIL, AND I LIVE AT 3816 PINE COVE ROAD, BILLINGS, MONTANA, 59102.

I AM VICE PRESIDENT-OPERATIONS, CARDINAL DRILLING CO. CARDINAL DRILLING CO. IS AN OIL WELL DRILLING CONTRACTOR. CARDINAL HAS BEEN BASED IN BILLINGS SINCE 1960. WE OPERATE 21 DRILLING RIGS IN 6 STATES. WE ARE CONSTANTLY COMPARING DRILLING OPPORTUNITIES IN ALL THESE STATES, AND I AM CONCERNED ABOUT THE FUTURE OF THE INDUSTRY IN MONTANA.

I AM ALSO HERE AS A MEMBER OF THE BOARD OF OIL & GAS CONSERVATION.

I AM HERE TO TESTIFY IN SUPPORT OF SENATE BILL 410.

SENATE BILL 410 READS IN PART "THAT THE ISSUANCE OF A PERMIT TO DRILL AN OIL OR GAS WELL IS NOT A MAJOR ACTION OF STATE GOVERNMENT UNDER THE PROVISION OF THE MONTANA ENVIRONMENTAL POLICY ACT..." IN EFFECT THE BILL WOULD EXEMPT THE PERMITTING PROCESS ONLY FROM M.E.P.A..

M.E.P.A. BECAME LAW IN 1971. FROM 1971 THROUGH 1984 THERE HAVE BEEN 12,905 DRILLING PERMITS ISSUED WITHOUT THE NEED FOR AN ENVIRONMENTAL IMPACT STATEMENT. WITH A TRACK RECORD LIKE THIS, I DON'T FEEL THAT THERE IS A NEED FOR AN E.I.S. NOW.

IF IT IS FELT THAT THE BOARD OF OIL AND GAS CONSERVATION HAS OVERSTEPPED IT BOUNDS THERE ARE AVENUES THAT CAN BE TAKEN TO ADDRESS THIS.

THE FEDERAL GOVERNMENT AND THE STATE OF MONTANA, BOTH AS OVERSEER OF THE PUBLIC DOMAIN, CAN REQUEST AN E.I.S. SO UNDER M.E.P.A. AND E.I.S. FOR A DRILLING PERMIT WOULD APPLY TO PRIVATE LANDS ONLY. WHEN A LAND OWNER SIGNS A MINERAL LEASE WITH AN OIL COMPANY, WE HAVE A WILLING BUYER AND A WILLING SELLER. THE CONCEPT OF PRIVATE LAND OWNERSHIP HAS ALSO BEEN HELD SACRED IN MONTANA. I WOULD HAVE TO BELIEVE THAT IN TODAY'S MARKET PLACE EVERY MONTANA RANCHER OR FARMER WOULD WELCOME AN OIL WELL ON HIS OR HER PROPERTY. MANY OF THESE PEOPLE WILL BE DISAPPOINTED BECAUSE THE ADDITIONAL BURDEN OF AN E.I.S. WOULD PRECLUDE THE DRILLING OF MANY WELLS. IF DEVELOPMENT ON THEIR LAND WOULD AFFECT THEIR NEIGHBORS LAND AN E.I.S. WOULD BE REQUIRED. WE ARE THEREFORE TALKING ABOUT ONLY PRIVATE DEVELOPMENT ON PRIVATE LANDS. THE BOARD

SENATE NATURAL RESOURCES COMMITTEE
EXHIBIT NO. 4
DATE 2/15/85
BILL NO. SB410

OF OIL AND GAS CONSERVATION TAKES THE POSITION THAT THE APPLICATION FOR A DRILLING PERMIT, BY ITS VERY NATURE IS A P.E.R. FOR EXAMPLE THE APPLICANT HAS TO STATE HOW HE WILL PROTECT GROUND WATER. WE FEEL THAT AN E.I.S. IS NOT NECESSARY TO ISSUE A DRILLING PERMIT.

THE REQUIREMENT OF AN E.I.S. FOR A DRILLING PERMIT WOULD BE ANOTHER NAIL IN THE COFFIN OF THE OIL AND GAS INDUSTRY IN MONTANA. WE NEED YOUR SUPPORT.

THANK YOU.

WITNESS STATEMENT

Name Mons Teigen Committee On Sen. Nat Res

Address Helena Date 2/18/85

Representing MT Stockgrowers, Woolgrowers, Cattlemen, Grazing Dist Support X

Bill No. SB 410 Oppose

Amend

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. As a representative of owners of land & minerals we do not want to see the type of costs & delays occasioned by the proposed forestall
2. the O&G development of our properties.
   Adequate safeguards are already in place to accomplish
3. necessary Environmental safeguards.
4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

FORM CS-34
1-83

SENATE NATURAL RESOURCES COMMITTEE
EXHIBIT NO. 5
DATE 02188.5
BILL NO. SB410

TESTIMONY IN OPPOSITION TO SB 410

By Don Reed, Montana Environmental Information Center
February 18, 1985

Madame Chairman and members of the Senate Natural Resources Committee, I'm Don Reed and I'm here on behalf of the members of the Montana Environmental Information Center in oppsition to SB 410.

Montana EIC opposes a special exemption from the Montana Environmental Policy Act (MEPA) for oil and gas drilling permits. Such an exemption is both unnecessary and poor public policy.

MEPA is the cornerstone of Montana laws to implement the public's right to a "clean and healthul environment" under the Montana Constitution. MEPA is the only law that provides for comprehensive environmental foresight and public involvement in major government decision-making. MEPA emphasizes that the welfare of the people of Montana is best served in the long term by a state policy that "encourages productive and enjoyable harmony between man and his environment...."

To that objective, MEPA provides the process for a systematic, interdisciplinary examination of anticipated effects of a proposed action. This is the now familiar Environmental Impact Statement (EIS). An EIS examines the anticipated effects, presents alternative ways in which the same objectives could be accomplished, and documents ways in which the major adverse effects can be reduced or eliminated. It is a process based on public involvement from the effected party, government agencies, and the public at large.

The policy of MEPA is to ask serious questions about the consequences of state decisions. For starters, the decision-maker asks "Is this a major state action?" "Does it significantly affect the environment?" If the answer is "no," then MEPA does not require an EIS. In other words, MEPA does not waste time and effort on the insiginifcant. The decision about whether or not to do an EIS is generally made in a brief document called a Preliminary Environmental Review (PER). Agencies have rules that aid them in preparing PER's and deciding whether or not an EIS is appropriate.

SB 410 is a special exemption from MEPA for oil and gas drilling permits. SB 410 predetermines the answers to the key questions MEPA asks. This is bad policy, for we cannot know the answers <u>unless</u> we ask the questions. There is no harm in asking the question unless we fear the answer.

It may well be true that many drilling permits are not state actions which significantly affect the environment. MEPA

SENATE NATURAL RESOURCES COMMITTEE
EXHIBIT NO. 6
DATE 02/18/85
BILL NO. SB 410

accounts for such situations by not requiring the preparation of an EIS when this is the case. But do we know that every possible drilling permit would not affect the environment significantly? We cannot know that. Would you say that permits for drilling a hundred wells on the grounds of the state Capitol had no impacts? I think not.

The example is absurd, but it does highlight the point that some drilling decision may well affect the environment significantly. If they do, the state should examine those affects systematically. That is all MEPA asks for.

There have been several agencies of state government which were not used to following MEPA. Other agencies are experienced in preparing EIS's and do so as a matter of regular operation. One good example of an agency which has not used MEPA frequently is the Department of Agriculture. Yet the Department of Agriculture did follow MEPA and did an EIS on its policies regarding re-registration of endrin. The EIS led to significant improvements in policy which the department would not have made without examining its policies in a comprehensive manner.

MEPA merely requires that state decision-makers ask a few basic questions. In most instances, it requires nothing more. In other instances, it requires the preparation of EIS's. That is not an onerous burden. EIS's have grown shorter and shorter with time.

SB 410 is ill-conceived and unnecessary. Montana EIC urges you to vote "Do Not Pass" on SB 410.

Testimony of Philip W. Davis
Before the Senate Natural Resources Committee.
In opposition to SB 410
February 18, 1985

My name is Philip Davis. I am a Lawyer in Bozeman and I do some environmental law. I serve on the Board of the Montana Environmental Information Center. MEIC endorses my testimony on this matter today, but I am here primarily as a member of a citizen's group comprised of residents of Bridger Canyon called Bridger Watch.

Bridger Watch stirred up this controversy back in December by suing the Board of Oil and Gas Conservation for failing to follow the Montana Environmental Policy Act when it issued a permit back in October to SOHIO to drill a well in Bridger Canyon. We were appalled to discover that drilling permits are routinely issued by the Oil & Gas Conservation Division on the same day they are received. Often within the same hour. No effort is made to comply with MEPA. No attention is given to possible environmental consequences.

So, we filed our case in the 18th Judicial District entitled Bridger Watch v. Board of Oil & Gas Conservation of the State of Montana. In apparent acknowledgement of the validity of our claim, SOHIO withdrew its permit application and we are advised that it will reapply and ask the Division to hold a hearing to determine whether a PER or EIS will suffice.

Our suit seems to have taken some people by surprise. I don't know why it should have since there is ample precedent for it. It is well accepted that oil wells on federal land must

SENATE NATURAL RESOURCES COMMITTEE
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comply with NEPA (which provisions are nearly, if not entirely, identical with MEPA). The express words of the statute require the Division to comply with MEPA. This matter was explicitly raised (at pp. 49,50) by the Legislative Auditor in the September, 1981 Sunset Review of the Board of Oil and Gas Conservation and was never satisfactorily answered. The Montana Department of Fish, Wildlife and Parks raised this issue with the Board (in April, 1981) when Fish and Game sought an EIS for a well proposed to be drilled in Blackleaf Canyon. The Wyoming Oil and Gas Conservation Commission has placed mitigation requirements on oil wells as the result of environmental impact review. At least one state, the State of Michigan, has held that environmental conditions can be placed on wells on private land under enabling legislation similar to Montana's.

The proposed Bridger Canyon well is on private land adjacent to the residential area where I live. It presents a number of potentially disastrous threats to the human environment. I can think of no better example of a project to which MEPA should apply. Only after a MEPA review can the permitting agency have an accurate idea of the impact of its decision. MEPA review will help us understand the procedures to eliminate the avoidable impacts and the mitigations to lessen the burden of the unavoidable ones.

Compliance with MEPA is a very important means by which the state and the oil companies can avoid unexpected and costly litigation, as well as reclamation, arising from wells which do result in damage. As drilling activity increases in the more

environmentally fragile areas overlying the Overthrust Belt in Western Montana, it is to the benefit of the drilling companies to know in advance what impacts might be encountered and to take measures to avoid or mitigate them. Compliance with MEPA, then, can be seen as an important means of protecting the state from unforeseen liability losses.

I do not accept the contentions of those who support this bill that compliance will present an undue hardship on the Board or on the oil companies. Those agencies which have complied with MEPA have developed procedures which work smoothly and efficiently. Certainly the vast majority of wells will be drilled in non-sensitive areas and a pro-forma PER will suffice to assure the Board that no undue adverse impacts will result. I am informed that the Department of State Lands is developing a procedure to review appropriate mitigations under a PER for exploratory wells on state land near Glacier Park. Thus, there are ways for the Board to comply with MEPA which will have a minimum interference with its present procedures. In all probability, it will only be wells drilled in the most sensitive of areas which might require an EIS. Indeed, the eight Departments of state government which submitted EISs to the Environmental Quality Council submitted a total of only eight in 1983. So the fear of a flood of paperwork is apparently unfounded.

In conclusion, I emphasize that this legislative proposal is a dangerous precedent. We cannot afford to start exempting agencies whose work so intimately involves the

environment from the key piece of legislation protecting the environment. The landowners and adjacent landowners need the protection of MEPA for their land, their health and their property values. The state and the oil companies need the protection of MEPA to help anticipate and avoid possible environmental disasters.

Not only is it dangerous legislation, it is also unnecessary. Any number of agencies comply with MEPA as a daily matter. Procedures have been developed and are in place to avoid great hardship on these agencies.

I therefore strongly urge you to vote against this unfounded, ill-conceived, dangerous and unnecessary Legislation.

Thank you.

Montana Audubon Council

Testimony on SB 410
February 18, 1985

Madame Chairman and Members of the Committee,

My name is Janet Ellis and I'm here today representing the Montana Audubon Council. The Council is composed of 8 Chapters of the National Audubon Society and represents over 2000 members in the state.

The Council opposes SB 410.

A "major action of state government" is defined as an action "significantly affecting the quality of the human environment." Such actions require the preparation of an environmental impact statement - a process that allows alternatives to be examined and the public to have a voice when something "significant" is about to happen to their environment.

This policy makes sense. It allows Montanans to stop and think and plan for the future - and for their children's future. It is a good state policy to examine things closely when something "significant" is about to happen to our enironment.

Generally, oil and gas drilling does not "significantly" affect our environment - and neither does the application of a pesticide on a winter wheat field. In 1983 the Department of Agriculture, however, completed its first EIS on a pesticide. That pesticide was endrin - a pesticide that became a household word when fish were killed and residues were found in waterfowl, nongame birds and big game animals.

I think that everyone here would agree that endrin "significantly" affected our environment. It was a relief to all when less toxic and less persistent chemical alternatives were found to control agricultural pests.

So what about oil and gas drilling? Is it prudent to decide that such drilling will <u>never</u> "significantly" affect our environment? We think not.

Planning is essential as Montana continues to grow. As we begin to prepare for our centennial celebration, clearly we need also be planning for our bicentennial.

Thank you.

SENATE NATURAL RESOURCES COMMITTEE
EXHIBIT NO. 5
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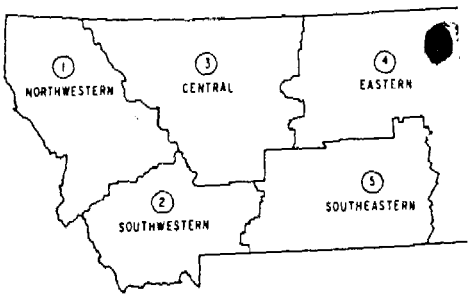
EDUCATION – CONSERVATION

Montana Wildlife Federation

AFFILIATE OF NATIONAL WILDLIFE FEDERATION



Testimony on SB410
February 18, 1985

Mr. Chairman, Members of the committee, My Name is Dan Heinz
I appear on behalf of the Montana Wildlife Federation

It is true that Oil & Gas development requires less earth moving than other development activities. However, Oil & Gas development can have profound social impacts, both positive and negative on nearby communities and the state as a whole.

Social and Economic factors are as much a part of our environment as air, soil, water or scenery or wildlife.

Information on potential impacts must be available before we can intelligently make development decisions ~~our resources,~~

If MEPA is vague Then lets address that problem specifically. We do not serve the intent of MEPA by exempting major activities such as Oil & Gas development.

SENATE NATURAL RESOURCES COMMITTEE
EXHIBIT NO. 9
DATE 2/18/85
BILL NO. SB410

THE WEALTH OF THE NATION IS IN ITS NATURAL RESOURCES
CONSERVATION DOES NOT END WITH CONVERSATION

Senator Halligan submitted a proposed amendment to page 6 of SB277 (Exhibit 3) providing for an allocation of 3.5 percent of the funds to provide a Groundwater Information Center. Senator Halligan explained this 3.5 percent will come right off the top of the money provided for the Legacy Program by the Resource Indemnity Trust Fund Interest Account.

Senator Halligan moved the amendment BE ADOPTED. The motion carried with Senators Shaw, Gage and Daniels voting in opposition.

Senator Fuller moved SB277 DO PASS AS AMENDED. The motion carried by roll call vote (Exhibit 4).

ACTION ON SB347: Senator Shaw moved SB347 BE TABLED. The motion carried with Senator Daniels voting in opposition.

ACTION ON SB348: Senator Christiaens moved SB348 DO NOT PASS. The motion carried by roll call vote (Exhibit 5).

FURTHER CONSIDERATION OF SB410: The following persons representing Bridger Watch, Inc., submitted written testimony in opposition to SB410: Mr. Scott Ramsay, Mary Ann Kelly, Nancy Davis and Philip W. Davis (Exhibit 6).

ACTION ON SB410: Senator Tveit moved SB410 DO PASS. Senator Mohar made a substitute motion SB410 DO NOT PASS. The motion carried by roll call vote (Exhibit 7).

FURTHER CONSIDERATION OF SB435: Upon question from Chairman Eck, Mr. Bob Thompson explained the major differences between SB435 and HB911 are the posting requirements. Under HB911, if the land is not posted, a person may go on the land. Under SB435, if the land is posted, a person must first obtain permission before going onto the land.

Senator Halligan inquired whether trespassing was a major problem for landowners. Senator Shaw stated this bill is a defense mechanism to stop trespassing from becoming a major problem.

Senator Anderson stated although he has never believed in posting his land, he believes SB435 is a good bill.

Senator Weeding reminded the committee SB435 is merely an extension of the big game laws and only requires the recreationist to first obtain permission before going on to private land.

Senator Mohar expressed concerns about the person who is simply unaware of property boundaries. This person may be subject to a $500 penalty and six months in jail. Senator Mohar feels the minimum posting requirements are not too much to ask of the landowners.

ROLL CALL

Natural Resources COMMITTEE

48th LEGISLATIVE SESSION -- 1985 Date 2/22/85
EVENING

SENATE SEAT #

NAME	PRESENT	ABSENT	EXCUSED
ECK, Dorothy (Chairman	✓		
HALLIGAN, Mike (Vice Chairman)	✓		
WHEELING, Cecil	✓		
MOHAR, John	✓		
DANIELS, M. K.	✓		
FULLER, David	✓		
CHRISTIAENS, Chris	✓		
TVEIT, Larry	✓		
GAGE, Delwyn	✓		
ANDERSON, John	✓		
SHAW, James	✓		
HARDING, Ethel	✓		

Each day attach to minutes.

February 18, 1985

Scott Ramsay
14848 Kelly Cyn. Rd.
Bozeman, Montana 59715

Dorthy Eck
Chairperson Natural Resource Committee
State Capital Building
Helena, Montana

Dear Mrs. Eck:

I want to thank you for the opportunity given me this date to express my opposition to Senate Bill 410. As I mentioned in my testimony I am an example of an unwilling party affected by oil and gas development. Some of my neighbors did decide to lease their lands, I agree with their right to do so. However, their rights end where my property begins. I feel my position will be shared by more and more people as drilling comes in off the range and starts happening in more residential areas.

This bill has clearly been drafted to side-step M.E.P.A.'s intentions of studing the impacts of drilling prior to starting. Please do not take away that measure of protection that M.E.P.A. now offers the private individual.

Once again I ask for your opposition to Senate Bill 410.

Thank you.

Sincerely,

Scott Ramsay

Scott Ramsay

cc Natural Resource Committee Members

SENATE NATURAL RESOURCES COMMITTEE
EXHIBIT NO. 6
DATE 02/26/85
BILL NO. SB 410

February 19, 1985

Senator Dorothy Eck, Chair
Senate Natural Resources Committee
Capitol Station
Helena, MT 59620

Dear Senator Eck:

I am writing to express my opposition to Senate Bill 410. As I testified on Monday, February 1, 1985, I am a homeowner in a subdivision 3/4 mile from a proposed oil/gas well site by SOHIO. This is a residential and agricultural community and a group of families in Bridger Canyon and Gallatin County at large are justifiably concerned. The impacts of traffic, air pollution, noise, water use and contamination could destroy the quiet canyon community that has become so well known for its scenic and recreational values. As explained in the testimony of my neighbor, Philip Davis, we requested an EIS from the Oil and Gas Commission under MEPA. MEPA as it stands assures the impartial, third party assessment of impacts by generating an EIS in sensitive situations. I believe that the health and safety of families in the area, the investment in land and homes, and the pristine environment of Bridger Canyon qualify this site as requiring an EIS before a permit to drill is issued. As the search for oil and gas extends into residential areas, the people who live in these areas need the protection of MEPA so that the impacts of development can be clearly and impartially identified. The value of energy developemnt must be weighed carefully with the value and quality of human life.

I have enclosed two newspaper clippings that detail some of the possible negative impacts from oil/gas exploration in the Overthrust Belt. Dr. Sindelar of Belgrade suffered damage to his home and lost his water well. At great personal expense of time and money, he settled these impacts. The article from the Winnipeg Free Press gives some details of a sour gas well "blowout" which would seriously endanger the health, safety and lives of local residents. With the possibility of extreme danger and property damage, citizens rely on an EIS to assess the dangers. Please assure the people of this state protection under the law.

Thank you for your consideration and time.

Sincerely,

Mary Ann Kelly

MARY ANN KELLY
Bozeman, MT

SENATE NATURAL RESOURCES COMMITTEE
EXHIBIT NO. 6
DATE 02285
BILL NO. SB410

Report on well ready

EDMONTON (CP) — A long-awaited report on a sour-gas well blowout near Lodgepole, Alta., is to be released tomorrow, almost two years after the runaway well was capped.

The Energy Resources Conservation Board prepared the report after a lengthy series of public hearings into the accident and the whole sour-gas industry in Alberta.

Sour gas is natural gas contaminated with hydrogen sulphide, a poisonous compound that is deadly in tiny concentrations. Much of Alberta's natural gas is sour and has to be processed, stripped of the poisonous hydrogen sulphide, before it is marketed.

Toxic

The Amoco Canada Petroleum Ltd. well near Lodgepole, about 130 kilometres southwest of Edmonton, blew out Oct. 17, 1982. For 68 days, it alternately spewed a cloud of toxic fumes and spouted a roaring geyser of flame. Two men died trying to cap the rogue well, felled by hydrogen sulphide.

A teenager became lost in the bush near the well and died of exposure, prompting a lawsuit against Amoco.

WFP
Dec. 17, 1984
p. 12

Winnipeg Free Press
December 17, 1984
page 12

SENATE NATURAL RESOURCES COMMITTEE
EXHIBIT NO. 6
DATE 022285
BILL NO. SB410

February 19, 1985

Senator Dorothy Eck, Chair
Senate Natural Resources Committee
Capitol Station
Helena, MT 59620

Dear Senator Eck:

I was dismayed to hear that in testimony on February 18th regarding SB410, Jim Moore characterized the report generated by SOHIO on the Bridger Canyon well as an EIS. I would like to point out to you and your Committee several reasons why this report is not an EIS.

1. Both Joel Shouse and John Montagne have stated that the report is NOT an EIS.

2. Bridger Watch has found that the report raises more questions than it answers about the environmental impacts.

3. Enclosed is a preliminary list of questions which were not addressed by the Shouse report and would be by an EIS.

4. Traditionally an EIS is done by an independent agency. The Shouse report was paid for and reviewed by SOHIO. Mr. Shouse has had no previous experience doing research on oil and gas impacts.

5. If the Oil and Gas Commission had complied with MEPA in October, much of the cost and time delay imvolved in the Shouse report could have been avoided.

I urge you to give SB 410 a "DO NOT PASS" vote.

Sincerely,

Nancy Davis

Nancy Davis
15037 Kelly Canyon Road
Bozeman, MT 59715

SENATE NATURAL RESOURCES COMMITTEE
EXHIBIT NO. 6
DATE 02-22-85
BILL NO. SB410

BRIDGER WATCH INC.

1. WATER USE AND SOURCE

   a. Hauling water to drill site is the only realistic protection for local wells and springs.

   b. Existing water data is incomplete. The primary reference is to a student's thesis which conflicts with drillers' reports (Pg. B-11).

   c. It is unfair to place burden of proof and legal recourse for damages on property owner.

2. RESERVE PIT

   Bridger Canyon is not the location for long-term storage of admittedly hazardous waste (Pg. B-20,21). Therefore the reserve pit must:

   1. Be fiberglass reinforced per Fish, Wildlife & Parks' recommendation (Pg. C-1).

   2. Be fenced per Fish, Wildlife & Parks (Pg. C-1).

   3. Be inspected for leakage on a regular basis.

   4. Be of adequate size to accommodate maximum rainfall and runoff.

   5. Be constructed per John Montagne's procedures to prevent adjacent spring damage.

   6. Be completely removed and all waste hauled to a predetermined disposal site; this includes liquid and solid.

3. H_2S

   It is unacceptable to allow Sohio to dictate "reasonable levels of risk" for the families living in the area.

   We strongly doubt the feasibility of an evacuation plan for this area, due to existing traffic volume and flow and to weather conditions.

   Procedures recommended in the report represent a serious intrusion into our rural lifestyle and peace of mind.

   The following points need clarification:

   1. Who will the safety company be?

   2. What are their detailed contingency plans for:

      a. Day or night inside or outside alarms.

      b. What type of alarm system in our homes.

      c. Evacuation of invalids, babies, elderly and animals.

      d. Evacuation routes allowing for seasonal climatic changes.

SENATE NATURAL RESOURCES COMMITTEE
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3. H_2S, continued

e. Securing our homes during the evacuation period.

f. What are safety procedures for area visitors, including tourist and recreational traffic?

3. Number and availability of local emergency officials and facilities.

4. Why is blowout preventer not installed till 2000' depth? Once installed, who confirms proper installation and usage?

5. When will conditions merit the need for a safety engineer?

6. Where on the site will the blowout preventers be vented? Where is the flare pit?

4. AIR QUALITY

The pristine air quality of Bridger Canyon should not be jeopardized. Any incineration of garbage and waste is not acceptable.

Questions remain regarding:

1. Baseline data on present air quality.

2. Effect of increased traffic, especially diesel emissions.

3. Possible odors resulting from oil/gas development & production facilities such as tank or sweetening plants.

5. NOISE

We agree with the Shouse report's finding that the residential area within 4000' of the well site is very quiet and we would like it to remain as quiet as possible!

The following concerns need further discussion:

1. The report states that "Method 3" is the most effective at noise reduction, yet it recommends "Method 2" which is less effective (Pg. E-22; 5.8).

2. The effect of increased diesel traffic noise during drilling and production should be calculated into the noise level impacts and reduction plans. "Suggesting" driving practices for truck drivers (Pg. E-19) is not a viable means of noise control.

3. What are the probable effects of increased traffic noise and drilling/production noise in relation to amplification of sound in the canyon structure?

4. Data from other well sites may not be applicable due to extreme differences between geographic structures of the well sites and this proposed well site.

SENATE NATURAL RESOURCES COMMITTEE
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6. TRAFFIC & ROADS

It is our conclusion that the proposed access road to the drill site, being situated on a blind curve at the base of a hill, is not the best possible location. We strongly recommend routing the drill-site access road directly off Bridger Canyon Road for the safety of residents who must travel Kelly Canyon Road daily. We also would like further data and discussion on the following points:

1. Data collected from Mr Richard Miller at the Montana Dept of Highways Maintenance Division indicates that an increase of 20 vehicles would represent a 20% increase in traffic over-pickup size. This is 10 times the Shouse report's finding. More complete research is necessary to clarify the impact of increased heavy-vehicle traffic.

2. Personnel and support service vehicles must be scheduled around school bus pickup & deliveries, including the kindergarten bus (Pg. 42). The suggested delivery times of 10 a.m. to 2 p.m. are therefore not acceptable.

3. We request that all drilling personnel that commute to the drill site be bussed or otherwise carpool to & from the site.

4. We request that Sohio keep a log of all drivers to aid in enforcement of traffic laws and possible infractions.

5. What are the probable impacts on local residents during road construction periods?

6. What are the probable impacts on local residents during construction of pipeline connections. What is the specific route of the gas pipeline connection and expected construction timetable?

7. RIDGE STABILITY

There still remains concern for the stability of the ridge near the well site due to previous damage on both sides. More baseline data is necessary to clarify this issue.

8. SEWAGE & WASTE

All waste and sewage should be removed from the well site to a predetermined approved waste disposal site. Burning waste is not an acceptable procedure. Efforts should be made to control litter. All on-site holdings of waste should be adequate capacity so that no runoff occurs.

9. ECONOMICS & IMPACT

We feel that there is a sensitive balance between economic benefits and negative impacts from drilling and production. The following questions relate to this concern and are of great importance to us.

1. What would be the procedures to shut down the well operations in the case of violation of agreements until grievances were aired? Who will represent the community in monitoring these agreements? What recourse will local residents have?

SENATE NATURAL RESOURCES COMMITTEE
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9. ECONOMICS & IMPACT, continued

2. We are interested in the possible proliferation of future wells. Where is the probable next well site in relation to:

   a. dry hole,

   b. moderate pay zone, and

   c. a "discovery" pay zone?

3. What are some possible pay zone-production schedules for oil and/or gas development? Can a guaranteed production schedule be presented upon identification of the pay zone?

4. What are the probable sites for a sweetening plant and/or tank plant? What are the probable effects of such a plant on water, air, noise and other impacts to residents?

5. Identify the route necessary to connect with the gas line. At what point will the issue of eminent domain for access become a concern for the landowner?

6. The question of property values needs to be discussed in detail. What are the impacts and benefits to the small landowner in the area. This is of particular relevance because the well site is in close proximity to the Snowline subdivision.

7. What effect will oil and gas development have on the recreational and tourist use of Bridger Canyon (i.e., Bridger Bowl)?

SENATE NATURAL RESOURCES COMMITTEE
EXHIBIT NO. 6
DATE 022385
BILL NO. SB410

LINEBERGER & DAVIS, P.C.
ATTORNEYS
PETER S. LINEBERGER
PHILIP WINSHIP DAVIS
100 EAST MAIN STREET SUITE 1
BOZEMAN, MONTANA 59715
586-4994
AREA CODE 406

February 19, 1985

Senator Dorothy Eck, Chair
Senate Natural Resources Committee
Capitol Station
Helena, MT 59620

RE: SB 410

Dear Senator Eck:

After Monday's hearing on SB 410, I am concerned that the Natural Resources Committee may have been left with a number of misconceptions regarding the impact of the Montana Environmental Policy Act on the Oil and Gas Commission.

The Water Resources Bureau handles far more permit requests than does the Oil and Gas Commission and subjects them all to MEPA review. The Oil and Gas Commission could easily adopt the kind of checklist that the Water Resources Bureau uses. In this way they can comply with MEPA and be assured that the vast majority of wells does not present environmental hazards, and avoid undue fiscal and paperwork impact on the agency.

Such a review will not adversely affect the budget of the Oil and Gas Commission. There is statutory authority for the agency to pass along whatever cost is incurred to the applicants in the form of a permit fee. A slight increase in permit fees should not significantly affect an applicant who intends to sink over a million dollars in a hole in the ground.

I think the testimony of SOHIO's attorney supported those of us opposed to this Legislation. If SOHIO is so eager to do environmental analysis and to assure us that no harm will result, it should not object to MEPA review. He stated the area of the proposed well is an agricultural area and later acknowledged that it is zoned. It is zoned because it is a residential area. It is true the County must permit this well, but it has only very limited fact finding capabilities and requires the results of a MEPA review to have an adequate basis for its decision.

The testimony of proponents of SB 410 demonstrated no actual knowlege of how MEPA might apply to the Oil and Gas Commission. It was, and this bill represents, a fear in the oil industry of having to comply with any kind of environmental regulation. There is simply no legitimate basis for SB 410 and it sets a dangerous precedent.I strongly urge a no-pass vote on this bill.

Sincerely,

PHILIP W. DAVIS

SENATE NATURAL RESOURCES COMMITTEE
EXHIBIT NO. 6
DATE 022285
BILL NO. SB410

ROLL CALL VOTE

SENATE COMMITTEE Natural Resources

Date 022285 Senate Bill No. 410 Time 6:59

NAME	YES	NO
ANDERSON, John		X
CHRISTAENS, Chris	X	
DANIELS, M. K.	X	
FULLER, David	X	
GAGE, Delwyn		X
HALLIGAN, Mike (Vice Chairman)	X	
HARDING, Ethel		X
MOHAR, John	X	
SHAW, Jim		X
TVEIT, Larry		X
WEEDING, Cecil	X	
ECK, Dorothy (Chairman)	X	

Cynthia A. Peterson
Secretary, Cynthia A. Peterson

Dorothy Eck
Chairman Senator Dorothy Eck

Motion: SB410 DO NOT PASS

1985

SENATE NATURAL RESOURCES COMMITTEE
EXHIBIT NO. 7
DATE 022285
BILL NO. SB410